
HOUSE BILL No. 1698

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-12-1-14.3; IC 6-3.1-22.

Synopsis: Income tax credits for new health care workers. Allows certain new health care workers a state tax credit against the health care worker's adjusted gross income tax liability. Requires that to be eligible, the health care worker must provide health care services and have completed a nurse aide training program or earned a degree from a higher education institution within the previous five years. Limits the total amount of tax credits allowed in a state fiscal year to \$1,000,000. Requires that money be transferred from the tobacco settlement fund to the state general fund in an amount equal to the total tax credits allowed for the previous fiscal year.

Effective: July 1, 2001; January 1, 2002.

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January 17, 2001, read first time and referred to Committee on Ways and Means.

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Introduced

First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

HOUSE BILL No. 1698

A BILL FOR AN ACT to amend the Indiana Code concerning taxation and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 4-12-1-14.3, AS AMENDED BY P.L.21-2000,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2001]: Sec. 14.3. (a) As used in this section, "master
4 settlement agreement" has the meaning set forth in IC 24-3-3-6.
5 (b) There is hereby created the Indiana tobacco master settlement
6 agreement fund for the purpose of depositing and distributing money
7 received under the master settlement agreement. The fund consists of:
8 (1) all money received by the state under the master settlement
9 agreement;
10 (2) appropriations made to the fund by the general assembly; and
11 (3) grants, gifts, and donations intended for deposit in the fund.
12 (c) Money may be expended, transferred, or distributed from the
13 fund during a state fiscal year only in amounts permitted by
14 **IC 6-3.1-22** or subsections (d) through (e), and only if the
15 expenditures, transfers, or distributions are specifically authorized by
16 another statute.
17 (d) The maximum amount of expenditures, transfers, or distributions

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that may be made from the fund during the state fiscal year beginning July 1, 2000, is determined under STEP THREE of the following formula:

STEP ONE: Determine the sum of money received or to be received by the state under the master settlement agreement before July 1, 2001.

STEP TWO: Subtract from the STEP ONE sum the amount appropriated by P.L.273-1999, SECTION 8, to the children's health insurance program from funds accruing to the state from the tobacco settlement for the state fiscal years beginning July 1, 1999, and July 1, 2000.

STEP THREE: Multiply the STEP TWO remainder by fifty percent (50%).

(e) The maximum amount of expenditures, transfers, or distributions that may be made from the fund during the state fiscal year beginning July 1, 2001, and each state fiscal year after that is equal to sixty percent (60%) of the amount of money received or to be received by the state under the master settlement agreement during that state fiscal year.

(f) The following amounts shall be retained in the fund and may not be expended, transferred, or otherwise distributed from the fund:

(1) All of the money that is received by the state under the master settlement agreement and remains in the fund after the expenditures, transfers, or distributions permitted under subsections (c) through (e).

(2) All interest that accrues from investment of money in the fund, unless specifically appropriated by the general assembly.

(g) The fund shall be administered by the budget agency. Notwithstanding IC 5-13, the treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as money is invested by the public employees retirement fund under IC 5-10.3-5. The treasurer of state may contract with investment management professionals, investment advisors, and legal counsel to assist in the management of the fund and may pay the state expenses incurred under those contracts from the fund. Interest that accrues from these investments shall be deposited in the fund. Money in the fund at the end of the state fiscal year does not revert to the state general fund.

(h) The state general fund is not liable for payment of a shortfall in expenditures, transfers, or distributions from the Indiana tobacco master settlement agreement fund or any other fund due to a delay, reduction, or cancellation of payments scheduled to be received by the

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1 state under the master settlement agreement. If such a shortfall occurs
 2 in any state fiscal year, all expenditures, transfers, and distributions
 3 affected by the shortfall shall be reduced proportionately.

4 SECTION 2. IC 6-3.1-22 IS ADDED TO THE INDIANA CODE
 5 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 6 JANUARY 1, 2002]:

7 **Chapter 22. New Health Care Worker Tax Credit**

8 **Sec. 1. As used in this chapter, "eligible taxpayer" means a**
 9 **health care worker who:**

10 (1) provides health services for compensation; and

11 (2) has:

12 (A) earned a degree to practice as a health care worker
 13 from an accredited higher education institution; or

14 (B) successfully completed a nurse aide training program
 15 required under 42 CFR 483.75(e) that has been approved
 16 by the division (as defined in IC 16-18-2-97(2)). However,
 17 a nurse aide training program does not include a
 18 retraining program described under 42 CFR 483.75(e)(7).

19 **Sec. 2. As used in this chapter, "health care worker" means any**
 20 **of the following individuals:**

21 (1) A nurse aide (as defined in section 4 of this chapter).

22 (2) A nurse licensed under IC 25-23.

23 (3) An occupational therapist (as defined in IC 25-23.5-1-4).

24 (4) A physical therapist (as defined in IC 25-27-1-1).

25 (5) A physician assistant (as defined in IC 25-27.5-2-10).

26 (6) A respiratory care practitioner (as defined in
 27 IC 25-34.5-1-7).

28 **Sec. 3. As used in this chapter, "health services" means patient**
 29 **care services that are provided by a health care worker for any of**
 30 **the following programs or facilities:**

31 (1) A community mental health center (as defined in
 32 IC 12-7-2-38).

33 (2) A community mental retardation center (as defined in
 34 IC 12-7-2-39).

35 (3) A state institution (as defined in IC 12-7-2-184).

36 (4) A community based residential program for the
 37 developmentally disabled (as described in IC 12-11-1.1-1).

38 (5) A community based residential program for the mentally
 39 ill (as defined in IC 12-22-2-3).

40 (6) A hospital (as defined in IC 16-21-2).

41 (7) A hospice program (as defined in IC 16-25).

42 (8) A home health agency (as defined in IC 16-27-1-2).

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(9) A health facility (as defined in IC 16-18-2-167).

(10) A community health center (as defined in IC 34-18-2-9).

(11) A migrant health center (as defined in IC 34-18-2-20).

Sec. 4. As used in this chapter, "nurse aide" means an individual who:

(1) provides nursing or nursing related services to patients for compensation; and

(2) is not licensed by a board listed under IC 25-1-9-1.

Sec. 5. (a) An eligible taxpayer is allowed a new health care worker tax credit against the taxpayer's state adjusted gross income tax liability for a taxable year equal to one hundred dollars (\$100). However, if the eligible taxpayer provides health services in a community health center (as defined in IC 34-18-2-9), a migrant health center (as defined in IC 34-18-2-20), a state institution (as defined in IC 12-7-2-184), or in a shortage area (as defined in IC 16-46-5-6), the taxpayer is allowed a tax credit for a taxable year equal to two hundred dollars (\$200).

(b) An eligible taxpayer may claim a tax credit under this chapter for the first five (5) taxable years beginning after the date the eligible taxpayer earns the degree described in section 1(2) of this chapter.

Sec. 6. (a) If the amount allowed as a tax credit under section 5(a) of this chapter for a taxpayer in a taxable year exceeds the taxpayer's state tax liability under IC 6-3-1 through IC 6-3-7 for that taxable year, the taxpayer may not carry the excess over to the following taxable years.

(b) A taxpayer is not entitled to a carryback or refund of an unused credit.

Sec. 7. The department shall adopt rules for determining eligibility and compliance of health care workers who apply for tax credits under this chapter.

Sec. 8. To obtain a new health care worker tax credit provided by this chapter, a taxpayer must claim the credit in the manner prescribed by the department.

Sec. 9. (a) The total aggregate amount of tax credits allowed under this chapter may not exceed one million dollars (\$1,000,000) in a state fiscal year.

(b) If the total tax credits applied for and allowable under this chapter in a state fiscal year are greater than the maximum amount allowed under subsection (a), the department shall apply a prorated reduction to all the tax credits allowed.

(c) Not later than September 1 of each year, the auditor of state

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1 shall transfer from the Indiana tobacco master settlement
2 agreement fund created under IC 4-12-1-14.3 to the state general
3 fund an amount equal to the total tax credits applied for and
4 allowed under this chapter during the preceding fiscal year.

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